

# U.S. BUSINESS OPPORTUNITY

## COCHRANE-PUERTO MONTT AIRSPACE MODERNIZATION PROJECT

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### Promoting U.S. Exports, Supporting U.S. Jobs

Agencies across the U.S. government are partnering to help U.S. companies connect with buyers worldwide. Through a variety of resources, federal agencies can provide U.S. firms with the information and tools they need to compete for foreign contracts. From trade advocacy and export promotion efforts to matchmaker services and promoting the availability of export credits, federal agencies can support U.S. companies in selling their goods and services to the 95% of the world's consumers, who are located outside of the United States, by helping to create opportunities and to level the playing field.

**For more information on this project, possible financing options and export opportunities in Chile, contact:**

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### Overview

In recent years, southern Chile has experienced an increase in air traffic. The region has become a popular tourist destination with a growing fishing industry and five hydroelectric projects planned for the near future. As such, new aviation infrastructure and systems are required to support this growth and to ensure coverage in areas and altitudes where there are significant deficiencies in communications and surveillance.

Both Puerto Montt and Cochrane are located in the mountainous terrain in the remote areas of the Aisen and Los Lagos regions, respectively. The main facility at Puerto Montt is a commercial airport that currently handles approximately 6,000 operations a year, with traffic expected to increase at a rate of 16 percent per year until 2015.

Operations in the airspace between the areas of Puerto Montt and Cochrane are conducted under Visual Flight Rules (VFR) and Visual Meteorological Conditions (VFM). Newer airspace technologies, however, could provide pilots and air traffic controllers with capacities lacking from current land based systems, including up-to-date weather data in the cockpit and better overall capabilities that reduce mid-air collisions and runway incursions.

### Project Description

The objective of the USTDA-funded Feasibility Study is to identify the best-suited technologies for the airspace between Puerto Montt and Cochrane.

Chile is one of the largest aviation markets in Latin America with a growth rate of between eight to ten percent per year. It is anticipated that this accelerated growth will continue well into the future and will provide great opportunities for U.S. companies and suppliers. As a relatively emerging market, the southern portion of Chile, especially the remote regions in Aisen, are experiencing increased traffic of a number of commercial and general aviation users, as well as helicopter operations. Some of these areas are touristic regions

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or have seen increased economic development from the fishing industry and, most recently, from the several planned hydroelectric projects. However, new infrastructure and systems are required in order to ensure coverage in areas and altitudes where there are significant deficiencies in communications and surveillance.

Presently, operations in the airspace between Puerto Montt and Cochrane are conducted under VFR and VFM. The low ceiling and frequent marginal meteorological conditions require the implementation of a surveillance system for this area.

The Cochrane-Puerto Montt Airspace Modernization Plan Project identifies the most adequate technologies for the airspace between Puerto Montt and Cochrane.

### Status and Implementation

The feasibility study for the Cochrane-Puerto Montt Airspace Modernization Plan is currently underway. The study is being conducted by ITT Exelis.

### Project Cost and Financing

Chile is a fast-growing aviation market and it is estimated that the project implementation will come from a combination of external and internal sources of financing. DGAC revenues for 2010 were more than \$217 million. There is potential for partially funding equipment needs through these revenues. Alternatively, an internal funding scheme may be developed in order to apply both regional funds, as well as DGAC funding. This would imply that DGAC requests support from regional authorities in providing funding for the program.

There are also external sources of financing including multilaterals and supplier credits. The DGAC is already discussing project funding with the World Bank and there would be private sector financing.

As a last resource, Chile may want to consider a lease agreement with the private sector, such as the financial scheme being used for some of the U.S. implementation or an increase in user fees.

### U.S. Competitiveness and Export Potential

This project would have significant impacts in terms of increased aviation safety, accident reduction and transfer of technology. The U.S. is well-positioned to take advantage of this opportunity for procurement of goods and services in the areas of airspace, airport development, NAVAIDS, training, security and others. It is estimated that U.S. exports directly resulting from the study could reach \$30 million, but in the case that technologies such as ADS-B are adopted as a result of the study, there would also be further opportunity for indirect exports of avionics in the near future.